Indochina Crisis also Affects French proced: --expected exert continued or 1. Basble throw French out: but can tie p troops needed elsewhere. 2. Sationalists seeking, getting support Arab-Asian states. Other hand, French, losing in Indochina, more determined hold North Africa. munists expected take advantage. First Orbit broadcasts beamed North Africa heard 27 May (Budapest). 2 Extremist situation increases likelihood CP participation with mationalists against French.

A. French concern shown 20 May change

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## SECRE

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- (a) Personally favors more moderate policy.
- (b) "Nationalists" invited Paris talks 2 June.

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- B. Lacoste's task extremely difficult:
  - Priction, frustration, distrust,
     1950 hardened positions.
    - (a) Tough anti-nationalist policy

      French settlers unchanged.
    - (b) Nationalists probably not settle
      short public promise independence
      with timetables and immediate
      steps autonomy. Change sultans
      not enough.
  - 2. American consul Casablanca believes only way out for French is:

## Approved For Release 2002/07/02 - RIA-FORTPROPESO A0001300030012.8 with them; no others have support Moroccan masses. (b) Replace present sultan for one who could command widespread respect. (c) warns, in view of settler opposition, improvement must come from Paris.